

Financial statement, 30 September 2023

**Third quarter
of fiscal year 2023**

FORVIA



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Key performance indicators

	Fiscal year 2023 1 January to 30 September 2023	Short fiscal year 2022 1 June to 31 December 2022
Currency and portfolio-adjusted sales (in € million)	6,155*	4,410
Operating income margin	6.1%	4.4%
Ratio of net cash flow to sales	0.7%	5.3%

in € million	Fiscal year 2023 1 January to 30 September 2023	Short fiscal year 2022 1 June to 31 December 2022
Sales	5,932	4,410
Operating Income	363	195
Earnings before interest and taxes (EBIT)	363	383
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	758	369
Earnings for the period	230	352
Earnings per share (in €)	2.05	3.15
Net cash flow	40	233
Capital expenditures	441	392
Research and development (R&D) expenses	656	458

	Fiscal year 2023 1 January to 30 September 2023	Short fiscal year 2022 1 June to 31 December 2022
EBIT margin	6.1%	8.7%
EBITDA margin	12.8%	8.4%
Capital expenditure in relation to sales	7.4%	8.9%
R&D expenses in relation to sales	11.1%	10.4%

	30 September 2023	31 December 2022
Net financial debt (-) / net financial liquidity (+) (in € million)	-233	+43
Equity ratio	41.5%	41.9%
Employees	37,743	36,280

* based on the average exchange rates in the period 1 January to 30 September 2022.

HELLA has changed its fiscal year to the calendar year with effect from 1 January 2023. As HELLA had a seven-month short fiscal year (1 June to 31 December 2022) in the prior year for this reason, the periods presented here are only comparable to a limited extent.

- **Global production** of passenger cars and light commercial vehicles is at 65.9 million units in the first nine months of fiscal year 2023
- **Currency and portfolio-adjusted sales** is €6,155 million; reported sales is €5,932 million
- **Operating Income** stands at €363 million; operating income margin improves to 6.1%
- **Lighting segment** sales stand at €2,870 million, driven by high production volumes in all regions
- **Electronics segment** achieves sales of €2,539 million, mainly due to successful business with battery management systems, radar sensors and body electronics
- **Lifecycle Solutions** generates sales of €818 million, driven by strong spare parts business, new particle counters and solid business for agricultural and construction machinery
- **Net cash flow in relation to sales** is at 0.7%
- In relation to the **pro forma comparative figures for the first nine months of calendar year 2022**, reported sales growth is 12.6%; operating income margin improves by 2.0 percentage points; net cash flow to sales rises by 0.5 percentage points
- **Company outlook for** the 2023 fiscal year is confirmed

Industry development

- Global production of passenger cars and light commercial vehicles stand at 65.9 million units in the first nine months of fiscal year 2023 (as of October 2023)
- Compared to the first nine months of calendar year 2022, global production volumes increase by 9.0%

The figures from market research institute S&P Global (formerly IHS Markit) updated in October 2023 state that 65.9 million new passenger cars and light commercial vehicles were manufactured in the first nine months of the fiscal year 2023 (1 January to 30 September 2023) (short fiscal year 2022: 50.8 million units). Compared to the first nine months of calendar year 2022, this would correspond to growth in global production volumes of 9.0% (9M calendar year 2022: 60.4 million units).

In Europe, light vehicle production in the reporting period was 13.1 million units (short fiscal year 2022: 9.4 million units), with the German automotive market accounting for 3.2 million units here (short fiscal year 2022: 2.2 million units). In the Americas, 14.2 million new passenger cars and light commercial vehicles were produced (short fiscal year 2022: 10.2 million units), 7.9 million units of which were in the US market (short fiscal year 2022: 5.8 million units). In Asia/Pacific/Rest of World, the production volume was 38.6 million new vehicles (short fiscal year 2022: 31.1 million units); the share of the Chinese market in this region is 19.8 million units (short fiscal year 2022: 16.9 million units).

Production of passenger cars and light commercial vehicles

in thousands	Fiscal year 2023 1 January to 30 September	Short fiscal year 2022 1 June to 31 December
Europe	13,128	9,412
<i>of which Germany</i>	3,206	2,185
North, Central and South America	14,172	10,211
<i>of which USA</i>	7,913	5,813
Asia / Pacific / RoW	38,575	31,142
<i>of which China</i>	19,848	16,941
Worldwide	65,875	50,765

Source: S&P Light Vehicle Production Forecast, October 2023

Business development of the HELLA Group

Business development

- Currency and portfolio-adjusted sales come to €6,155 million; reported sales stand at €5,932 million
- All business groups contribute to successful business development
- Operating income stands at €363 million; operating income margin improves to 6.1%
- Net cash flow in relation to sales is at 0.7%
- In relation to the pro forma comparative figures for the first nine months of calendar year 2022, reported sales growth is 12.6%; operating income margin improves by 2.0 percentage points; net cash flow in relation to sales rises by 0.5 percentage points

tional supplementary information on sales growth, operating income margin and net cash flow in relation to sales is provided in this financial statement, comparing the reporting period with the corresponding nine-month period of the calendar year 2022 (1 January to 30 September 2022).

In the first nine months of fiscal year 2023, currency and portfolio-adjusted sales for the HELLA Group stood at €6,155 million. Taking into consideration exchange rate effects, the reported sales amount to €5,932 million (short fiscal year 2022: €4,410 million). In the reporting period, there were no portfolio effects that required adjustment. Compared to the pro forma comparatives for the calendar year 2022 (1 January to 30 September 2022), the adjusted sales growth would be 16.8% and reported 12.6% (9M calendar year 2022: €5,268 million).

HELLA changed its fiscal year to the calendar year with effect from 1 January 2023. The reporting period therefore covers the period from 1 January to 30 September 2023; the prior-year period refers to the seven-month short fiscal year 2022 (1 June to 30 December 2022). The two periods are therefore not comparable; seasonal effects must also be taken into account when comparing margins. Addi-

All business groups as reporting segments of HELLA contributed to this business development. The Lighting segment generated sales of €2,870 million (short fiscal year 2022: €2,139 million). The key factors here were high production volumes in all regions and, in particular, demand for the latest lighting technologies from manufacturers of electric vehicles. The Electronics segment recorded

Reported sales of the HELLA Group In € million

9M fiscal year 2021/2022 (1 June 2021 – 28 February 2022)	4,653
7M short fiscal year 2022 (1 June – 31 December 2022)	4,410
9M fiscal year 2023 (1 January – 30 September 2023)	5,932

Consolidated income statement

in € million	Fiscal year 2023 1 January to 30 September	Short fiscal year 2022 1 June to 31 December
Sales	5,932	4,410
Cost of sales	-4,434	-3,390
Gross profit	1,498	1,020
Ratio of gross profit to sales	25.3%	23.1%
Research and development expenses	-656	-458
Distribution expenses	-282	-213
Administrative expenses	-212	-167
Other income and expenses	15	12
Operating Income	363	195
Operating income margin	6.1%	4.4%

HELLA has changed its fiscal year to the calendar year as of 1 January 2023. Therefore, the prior-year figures refer to a seven-month short fiscal year. The periods presented here are therefore only comparable to a limited extent.

sales of €2,539 million (short fiscal year 2022: €1,899 million), mainly due to successful business with high-voltage battery management systems, radar sensors and body electronics. Sales of €818 million were achieved in the Lifecycle Solutions segment (short fiscal year 2022: €575 million). The main drivers were the strong spare parts business in Poland, Mexico and Brazil; the further ramp-up of the newly launched particle counter; and the solid business for agricultural and construction machinery, trucks and buses.

Sales in Europe are €3,415 million (short fiscal year 2022: €2,327 million), in North, Central and South America €1,220 million (short fiscal year 2022: €931 million) and in Asia/Pacific/Rest of World €1,297 million (short fiscal year 2022: €1,153 million). The more moderate business development in the Asian region can be attributed in particular to the Chinese automotive market, as subsidy programmes expired in the comparison period, which also led to pull-forward effects.

Operating income (adjusted earnings before interest and taxes without contribution to earnings from associates and joint ventures) amounts to €363 million (short fiscal year 2022: €195 million), corresponding to an operating income margin (ratio of operating income to reported sales) of 6.1%

(short fiscal year 2022: 4.4%). This was mainly driven by the higher gross profit margin and a relative improvement in distribution and administrative expenses. In the first nine months of calendar year 2022, the operating income margin (pro forma comparative) was 4.1%.

Gross profit amounts to €1,498 million (short fiscal year 2022: €1,020 million). Accordingly, the gross profit margin increases to 25.3% (short fiscal year 2022: 23.1%). This was, among other things, due to higher production volumes and successful cost compensations.

Research and development expenses amount to €656 million (short fiscal year 2022: €458 million). The R&D ratio thus increases to 11.1% (short fiscal year 2022: 10.4%). Expenditure on research and development was incurred in particular against the background of high order volumes and in preparation for corresponding series launches; in the reporting period, additional development expenses were incurred in certain customer projects with particularly high safety requirements in the electronics area.

Expenses for distribution and administration and the balance of other income and expenses total €479 million (short fiscal year 2022: €368 million).

Operating income

in € million and in % of reported sales

9M fiscal year 2021/2022 (1 June 2021 – 28 February 2022)	217 (4.7%)
7M short fiscal year 2022 (1 June – 31 December 2022)	195 (4.4%)
9M fiscal year 2023 (1 January – 30 September 2023)	363 (6.1%)

The ratio of these expenses and income is therefore reduced to 8.1% (short fiscal year 2022: 8.3%).

The net financial result is -€45 million (short fiscal year 2022: -€25 million). Earnings before income taxes (EBT) amount to €318 million (short fiscal year 2022: €358 million). The prior year's high figure is due in particular to the book profit realised after the successful sale of the shares in the former joint venture HBPO on 12 December 2022 (€250 million). Expenses relating to income taxes amount to €88 million (short fiscal year 2022: €6 million).

The first nine months of fiscal year 2023 will consequently close with earnings for the period totalling €230 million (short fiscal year 2022 year: €352 million). Earnings per share are €2.05 (short fiscal year 2022: €3.15).

Financial status

In the first nine month period of the fiscal year 2023, net cash flow from operating activities dropped to €481 million (short fiscal year 2022: €626 million). This is mainly attributable to a deterioration in working capital. This was caused firstly by continued high inventories due to market volatilities and secondly by lower improvements from the sale of receivables after the introduction of the factoring programme in the prior year.

Cash investing activities for intangible assets and property, plant and equipment amounted to €441 million in the nine-month period (short fiscal year 2022: €392 million). These mainly included capital expenditures on the worldwide development, administration and production network. HELLA also invested considerable sums in product-specific

capital equipment and in booked series launch preparation projects. Capital expenditure as a percentage of sales decreased to 7.4% in the first nine months as a result of active management of capital expenditure (short fiscal year 2022: 8.9%).

Net cash flow, the key performance indicator newly introduced in the fiscal year 2023, consequently deteriorated to €40 million (short fiscal year 2022: €233 million). The net cash flow in relation to sales consequently amounts to 0.7% (short fiscal year 2022: 5.3%). The net cash flow margin for the first nine months of calendar year 2022 was 0.2% (pro forma comparative).

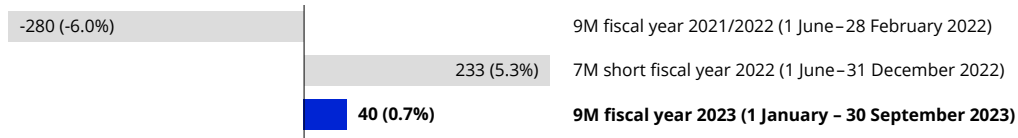
As part of the active management of the liquid funds available to the Group, €22 million accrued from securities in the reporting period (short fiscal year 2022: €241 million). For liquidity management purposes, capital is usually invested in short-term securities or securities with a liquid market so the funds can be made available for potential operating requirements at short notice.

The dividend of €2.88 per share (including the special dividend after the sale of HBPO shares) adopted at the annual general meeting on 28 April 2023 amounted to a total of €320 million and was paid out in full to the shareholders (short fiscal year 2022: €54 million).

Total cash outflows from financing activities came to around €480 million (short fiscal year 2022: €35 million). The net decrease in borrowing amounted to €160 million (short fiscal year 2022: net new borrowing of €19 million), mainly due to the timely repayment of the bank loan of a Mexican subsidiary in the amount of USD 125 million at the end of January 2023.

Net cash flow

in € million and in % of reported sales



Compared to the end of the prior short fiscal year 2022, liquidity from cash and cash equivalents decreased by €417 million to €869 million (31 December 2022: €1,286 million). Including current financial assets, essentially comprising securities of €165 million (31 December 2022: €186 million), the available funds fell to €1,034 million (31 December 2022: €1,472 million).

On this basis, the Management Board is of the opinion that HELLA is able to satisfy its payment obligations.

Financial position

Compared to the reporting date at the end of the prior short fiscal year 2022, total assets decreased by €251 million to €7,046 million (31 December 2022: €7,298 million). The equity ratio stood at 41.5% and was thus only slightly below the level on the balance sheet date of 31 December 2022 (41.9%). The equity ratio relative to total assets adjusted for liquidity comes to 48.6% (31 December 2022: 52.5%).

Current and non-current financial liabilities decreased by €161 million to €1,268 million (31 December 2022: €1,429 million). Net financial debt as the balance of cash and current financial assets as well as current and non-current financial liabilities increased by a total of €276 million to €233 million (31 December 2022: net financial liquidity €43 million).

On 11 August 2023, Moody's reaffirmed HELLA's rating as Baa3 and raised the outlook from negative to stable. The very solid basis for further long-term and independent corporate financing will thus remain unchanged.

Other events in the third quarter

Personnel changes

- Bernard Schäferbarthold, currently HELLA's Chief Financial Officer (CFO), is to be new Chief Executive Officer (CEO). This was decided by the Shareholder Committee of HELLA GmbH & Co. KGaA at its meeting on 29 September 2023. Bernard Schäferbarthold will take over the role on 1 January 2024 from Michel Favre, who has mutually agreed with the Shareholder Committee on an early termination of his mandate. Bernard Schäferbarthold (53), who has signed a long-term contract, has already been responsible for HELLA's Finance and Controlling corporate function as a member of the Management Board since November 2016. Until a successor is appointed, Bernard Schäferbarthold will continue to be responsible for the CFO role. Previously, the HELLA Shareholder Committee had already appointed Stefanie Rheker (44) as a new member of the Management Board. There she will assume responsibility for global human resources management at HELLA and will take up her role in the second quarter of 2024 at the latest.

Company rating

- Ratings agency Moody's Investors Services (Moody's), has now reaffirmed HELLA's corporate rating as Baa3. HELLA's investment grade status will thus remain unchanged. In the course of the new rating, Moody's also raised the outlook from "negative" to "stable". In the latest company rating, Moody's primarily reflects the successful business development, the good financial and liquidity position of the Company as well as the confirmation of the rating of FORVIA SE as HELLA's majority shareholder. With the confirmation of the investment grade rating, HELLA continues to maintain the very solid basis for future corporate financing.

Opportunity and risk report

As at the quarterly reporting date of 30 September 2023, the Company's long-term risk position has not changed fundamentally. Therefore, for further details of the significant opportunities and risks, please refer to the statements made in the Annual Report 2022, published by the Company on 21 March 2023.

In the short term, there are still uncertainties due to the continuing shortage of components. The general supply situation has stabilised to some extent. Nevertheless, there are ongoing bottlenecks in certain electronic components, which can lead to reduced or fluctuating production volumes, additional costs for materials and logistics, and inefficiencies in the production process.

Secondly, there are risks in connection with the war in Ukraine. HELLA does not have its own production or development sites in Ukraine or Russia. Nevertheless, there is still a prevailing environment of high costs for energy, logistics and raw materials, although the situation on the energy markets in particular has improved again in parts. At the same time, high inflation can cause further risks for the Company's business development, on the one

hand through general burdens in the industry and economic environment and on the other hand through a default risk on the supplier side.

In the geopolitical context, HELLA is also attentively and intensively following other conflicts, especially the relationship between China and Taiwan and ongoing developments following the outbreak of war in the Middle East.

The risk associated with the further development of the coronavirus pandemic has been significantly reduced, according to the Company's assessment. This is due to the increasing immunisation within the population. Nevertheless, the occurrence of virus variants that evade population immunity and could thus cause renewed severe waves of infection cannot be ruled out in the future.

Forecast report

- Production of passenger cars and light commercial vehicles will increase by 7.5% to 88.6 million units in 2023 according to current forecasts (as of October 2023)
- Company outlook for the fiscal year 2023 confirmed

Industry outlook

According to the October 2023 outlook update from market research firm S&P Global (formerly IHS Markit), global production of passenger cars and light commercial vehicles will increase by 7.5% to 88.6 million units in the fiscal year 2023 (1 January to 31 December 2023) (calendar year 2022: 82.3 million units). The industry outlook has thus been raised again compared to the July forecast,

especially after more optimistic expectations for the Asian and Chinese markets. In contrast, the forecasts for the Americas region have been reduced as a result of work stoppages at car manufacturers there.

For the European market, S&P Global currently forecasts growth of 11.9% to 17.7 million new passenger cars and light commercial vehicles (calendar year 2022: 15.8 million units); the German market is expected to grow by 18.1%. The light vehicle production in North, Central and South America is forecast to grow by 5.9% to 18.1 million units (calendar year 2022: 17.1 million units); within this region, the US market is expected to grow by 1.7%. In Asia/Pacific/Rest of World, the production figures will increase by 6.7% to 52.7 million units (calendar year 2022: 49.4 million units); for China, an increase of 5.7% is now assumed.

Expected production of passenger cars and light commercial vehicles and change compared to the prior year

in thousands	Fiscal year 2023 1 January to 31 December 2023	+/-	Calendar year 2022 1 January to 31 December 2022
Europe	17,709	+11.9%	15,827
<i>of which Germany</i>	4,257	+18.1%	3,604
North, Central and South America	18,137	+5.9%	17,120
<i>of which USA</i>	9,924	+1.7%	9,758
Asia / Pacific / RoW	52,707	+6.7%	49,397
<i>of which China</i>	27,636	+5.7%	26,150
Worldwide	88,553	+7.5%	82,345

Source: S&P Light Vehicle Production Forecast, October 2023

Company outlook

HELLA confirms the outlook for the fiscal year 2023 (1 January to 31 December 2023). Therefore, the Company still expects to generate currency and portfolio-adjusted consolidated sales in the range of around €8.0 to €8.5 billion. With regards to the operating income margin, a figure in the range of around 5.5% to 7.0% continues to be forecast. Both adjusted sales and operating income margin are expected to be around the midpoint of the forecast range. With regard to net cash flow in relation to sales, HELLA still forecasts a target value of approximately 2%.

According to the company's estimates, profitability in the Lighting and Electronics segment will continue to develop based on the level of the short fiscal year 2022.

The Company outlook is based on the global light vehicle production of around 86 million vehicles expected by the Company.

Selected financial information

Consolidated income statement of HELLA GmbH & Co. KGaA

€ thousand	1 January to 30 September 2023	1 June to 31 December 2022	1 July to 30 September 2023
Sales	5,932,114	4,410,044	1,937,169
Cost of sales	-4,433,763	-3,390,006	-1,436,525
Gross profit	1,498,351	1,020,039	500,644
Research and development expenses	-656,009	-457,700	-220,143
Distribution expenses	-282,494	-213,364	-91,970
Administrative expenses	-211,825	-166,584	-70,840
Other income	22,565	20,433	2,306
Other expenses	-7,599	-8,050	-1,762
Operating Income	362,987	194,773	118,236
Earnings from investments accounted for using the equity method	10,763	26,850	4,467
Other income from investments	5	421	1,996
Non-periodic operating income	12,456	547,340	1,613
Non-periodic operating expenses	-22,783	-386,635	-7,524
Earnings before interest and taxes (EBIT)	363,429	382,749	118,788
Financial income	174,010	12,202	157,575
Financial expenses	-219,261	-36,936	-174,811
Net financial result	-45,251	-24,733	-17,236
Earnings before income taxes (EBT)	318,178	358,015	101,552
Income taxes	-87,817	-5,940	-34,310
Earnings for the period	230,361	352,075	67,241
of which attributable:			
to the owners of the parent company	228,183	350,528	66,647
to non-controlling interests	2,178	1,548	594
Basic earnings per share in €	2.05	3.15	0.60
Diluted earnings per share in €	2.05	3.15	0.60

Segment reporting

Segment sales for the first nine months of the fiscal year 2023

(1 January to 30 September) and the short fiscal year 2022 (1 June to 31 December) are as follows:

€ thousand	Electronics		Lighting		Lifecycle Solutions	
	2023	2022	2023	2022	2023	2022
Sales with third-party entities	2,293,692	1,731,689	2,825,176	2,102,631	810,152	568,744
Intersegment sales	245,412	167,778	44,659	35,885	7,812	6,105
Segment sales	2,539,104	1,899,467	2,869,835	2,138,516	817,964	574,849

Sales with external third parties for the first nine months of the fiscal year 2023

(1 January to 30 September) and the short fiscal year 2022 (1 June to 31 August) are as follows:

€ thousand	Electronics		Lighting		Lifecycle Solutions	
	2023	2022	2023	2022	2023	2022
Sales from the sale of goods	2,163,722	1,620,126	2,727,681	2,039,212	767,080	534,943
Sales from the rendering of services	129,969	111,563	97,495	63,419	43,072	33,801
Sales with third-party entities	2,293,692	1,731,689	2,825,176	2,102,631	810,152	568,744

The reconciliation of sales for the first nine months of the fiscal year 2023

(1 January to 30 September) and the short fiscal year 2022 (1 June to 31 December) is as follows:

€ thousand	2023	2022
Total sales of the reporting segments	6,226,902	4,612,832
Sales in other divisions	3,312	7,689
Elimination of intersegment sales	-298,100	-210,477
Consolidated sales	5,932,114	4,410,044

Consolidated statement of financial position of HELLA GmbH & Co. KGaA

€ thousand	30 September 2023	31 December 2022
Cash and cash equivalents	869,415	1,285,924
Financial assets	164,949	185,780
Trade receivables	1,005,750	1,012,367
Other receivables and non-financial assets	256,243	269,842
Inventories	1,247,852	1,168,198
Current tax assets	41,840	33,807
Contract assets	145,501	48,834
Current assets	3,731,551	4,004,752
Intangible assets	513,945	477,552
Property, plant and equipment	2,216,788	2,267,298
Financial assets	75,851	94,069
Investments accounted for using the equity method	205,376	203,008
Deferred tax assets	97,585	93,411
Contract assets	98,900	69,958
Other non-current assets	106,304	87,492
Non-current assets	3,314,749	3,292,788
Assets	7,046,300	7,297,540
Financial liabilities	417,065	253,861
Trade payables	1,299,670	1,334,840
Current tax liabilities	70,431	54,015
Other liabilities	538,294	422,837
Provisions	251,664	227,603
Contract obligations	138,256	110,797
Current liabilities	2,715,381	2,403,953
Financial liabilities	850,437	1,174,952
Deferred tax liabilities	42,862	42,152
Other liabilities	61,255	48,476
Provisions	454,004	566,938
Contract obligations	105	-
Non-current liabilities	1,408,663	1,832,519
Subscribed capital	222,222	222,222
Reserves and unappropriated surplus	2,695,448	2,835,100
Equity before non-controlling interests	2,917,670	3,057,322
Non-controlling interests	4,585	3,747
Equity	2,922,256	3,061,069
Equity and liabilities	7,046,300	7,297,540

Consolidated cash flow statement of HELLA GmbH & Co. KGaA

€ thousand	1 January to 30 September 2023	1 June to 31 December 2022
Earnings before income taxes (EBT)	318,178	358,015
Depreciation, amortisation, recorded impairments and reversals of impairments	394,314	-13,507
Change in provisions	-86,167	335,744
Other non-cash expenses/income and cash flows not attributable to operating activities	-40,695	-277,692
Profits / losses from the sale of property, plant and equipment and intangible assets	-5,714	1,768
Net financial result	45,251	24,733
Change in trade receivables and other assets not attributable to investing or financing activities	-89,831	5,530
Change in inventories	-100,867	-40,827
Change in trade payables and other liabilities not attributable to investing or financing activities	134,905	263,403
Net tax payments	-84,063	-32,655
Dividends received	3,989	13,463
Interest received	16,159	6,122
Interest paid	-24,328	-18,577
Net cash flow from operating activities	481,130	625,521
Cash receipts from the sale of intangible assets and property, plant and equipment	16,526	10,835
Payments for the purchase of intangible assets and property, plant and equipment	-458,011	-403,282
Net payments for loans granted to investments	-5,778	-2,629
Net payments from changes in equity to investments	-2,322	-3,143
Acquisitions/Sales of investments and businesses (net of cash and cash equivalents)	17,693	284,700
Net payments for the purchase, sale and of redemption of securities	22,200	240,986
Net cash flow from investing activities	-409,693	127,466
Net payments from the borrowing/repayment of financial liabilities	-160,194	19,305
Dividends paid	-320,174	-54,496
Net cash flow from financing activities	-480,368	-35,192
Net change in cash and cash equivalents	-408,930	717,795
Cash and cash equivalents at the beginning of the reporting period	1,285,924	576,129
Effect of exchange rate changes on cash and cash equivalents	-7,578	-8,001
Cash and cash equivalents at the end of the reporting period	869,415	1,285,924

Further notes

01 Basic information

HELLA GmbH & Co. KGaA and its subsidiaries (collectively referred to as the “Group”) develop and manufacture lighting technology and electronics components and systems for the automotive industry. In addition to the development and manufacture of components, the Group also produces complete vehicle modules and air-conditioning systems in joint venture companies. The Group’s production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA and Asia, particularly China. In addition, HELLA has its own international sales network for all kinds of vehicle accessories.

The Company is a listed stock corporation, which was founded and is based in Lippstadt, Germany. The address of the Company’s registered office is Rixbecker Str. 75, 59552 Lippstadt, Germany. HELLA GmbH & Co. KGaA is registered in the Commercial Register B of the Local Court of Paderborn under the number HRB 6857. Its direct parent company is Forvia Germany GmbH. HELLA GmbH & Co. KGaA is included in the higher-level consolidated financial statements of FORVIA S.E., Nanterre (Hauts-de-Seine), France, which constitutes the highest level controlling company. The consolidated financial statements of FORVIA S.E. are published via the French online portal BODACC (Bulletin officiel des annonces civiles et commerciales).

The information in the financial statement as of 30 September 2023 is stated in thousands of euros (€ thousand). The financial statement is prepared using accounting and measurement methods that are applied consistently within the Group on the basis of amortised historical cost. This does not apply to assets that are available for sale and deriv-

ative financial instruments, which are measured at fair value. The consolidated income statement is prepared using the cost-of-sales method. External segment reporting is based on internal reporting (“management approach”). Segment reporting is based solely on financial information used by the Company’s decision-makers for the internal management of the Company and to make decisions regarding the allocation of resources and the measurement of profitability. Special effects which are clearly differentiated from the operational business are not assessed as part of the operational profitability and are not included in the segment reporting. The current/non-current distinction is observed in the consolidated statement of financial position. The amounts stated under current assets and liabilities are for the most part due for settlement within twelve months. Accordingly, non-current items are mainly due for settlement in more than twelve months. In order to enhance the clarity of the presentation, items of the consolidated statement of financial position and consolidated income statement have been grouped together where this is appropriate and possible. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

02 Currency translation

Currency translation differences arising from the translation of earnings and balance sheet items of all Group companies which have a functional currency deviating from the euro are reported within the currency translation differences reserves.

The exchange rates used to translate the main currencies for HELLA were as follows:

	Average		Reporting date	
	1 January to 30 September 2023	1 June to 31 December 2022	30 September 2023	31 December 2022
€ 1 = US dollar	1.0827	1.0202	1.0594	1.0666
€ 1 = Czech koruna	23.8304	24.5159	24.3390	24.1160
€ 1 = Japanese yen	149.5391	141.5888	158.1000	140.6600
€ 1 = Mexican peso	19.2792	20.3612	18.5030	20.8560
€ 1 = Chinese renminbi	7.6166	7.0755	7.7352	7.3582
€ 1 = Romanian leu	4.9386	4.9212	4.9735	4.9495
€ 1 = Indian rupee	89.1823	82.1661	88.0165	88.1710

03 Prior-year figures

With effect from 1 January 2023, the fiscal year of HELLA GmbH & Co. KGaA was changed to the period from 1 January to 31 December of the respective year. For the prior year, the period from 1 June 2022 to 31 December 2022 was a short fiscal year.

In the consolidated income statement, the reporting period from 1 January 2023 to 30 September 2023 is compared with the period from 1 June to 31 December 2022. In the consolidated balance sheet, the valuations as of 30 September 2023 are compared with the valuations as of 31 December 2022.

As already announced in the annual report for the short fiscal year 2022, the HELLA Group reports the special items previously reported as adjustments as non-recurring income and expenses from the beginning of the fiscal year. At the same time, operating income is introduced as a new key performance indicator in the consolidated income statement. Accordingly, the prior year's figures are also shown in the new structure.

In addition, the presentation of the interest paid and received in the consolidated cash flow statement was adjusted from the beginning of the fiscal year 2023. Previously, interest paid was reported in net cash flow from financing activities and interest received in net cash flow from investing activities. In future, both interest components will be allocated to net cash flow from operating activities. This adjustment results from the introduction of net cash flow as a performance indicator for Group management, where both interest components are also included. Further details on this can be found in Chapter 06. The change in cash and cash equivalents remains unaffected by this adjustment. This does not result in any changes to other reporting elements. The following table presents the consolidated cash flow statement for the short fiscal year 2022 after the reclassification of the interest components:

€ thousand	2022 as reported	Adjustments	2022 adjusted
Earnings before income taxes (EBT)	358,015	0	358,015
Depreciation and amortisation	-13,507	0	-13,507
Change in provisions	335,744	0	335,744
Other non-cash expenses/income and cash flows not attributable to operating activities	-277,692	0	-277,692
Losses / profits from the sale of property, plant and equipment and intangible assets	1,768	0	1,768
Net financial result	24,733	0	24,733
Change in trade receivables and other assets not attributable to investing or financing activities	5,530	0	5,530
Change in inventories	-40,827	0	-40,827
Change in trade payables and other liabilities not attributable to investing or financing activities	263,403	0	263,403
Net tax payments	-32,655	0	-32,655
Dividends received	13,463	0	13,463
Interest received	0	6,122	6,122
Interest paid	0	-18,577	-18,577
Net cash flow from operating activities	637,976	-12,456	625,521
Cash receipts from the sale of intangible assets and property, plant and equipment	10,835	0	10,835
Payments for the purchase of intangible assets and property, plant and equipment	-403,282	0	-403,282
Net payments for loans granted to investments	-2,629	0	-2,629
Net payments from changes in equity to investments	-3,143	0	-3,143
Acquisitions/sales of investments and businesses, (net of cash and cash equivalents)	284,700	0	284,700
Net payments for the purchase, sale and of redemption of securities	240,986	0	240,986
Interest received	6,122	-6,122	0
Net cash flow from investing activities	133,588	-6,122	127,466
Net payments from the borrowing/repayment of financial liabilities	19,305	0	19,305
Dividends paid	-54,496	0	-54,496
Interest paid	-18,577	18,577	0
Net cash flow from financing activities	-53,769	18,577	-35,192
Net change in cash and cash equivalents	717,795	0	717,795
Cash and cash equivalents as at 1 June	576,129	0	576,129
Effect of exchange rate changes on cash and cash equivalents	-8,001	0	-8,001
Cash and cash equivalents as of 31 December	1,285,924	0	1,285,924

04 Non-recurring operating income and expenses

The HELLA Group is managed by the Management Board using financial key performance indicators. With the start of the new fiscal year, the operating income margin has taken on a prominent role in the management of the HELLA Group, in addition to the continued currency and portfolio-adjusted sales growth. A major guideline in assessing the suitability of management indicators is that they have to provide a transparent picture of the Company's operational performance.

Non-recurring operating income and expenses represent special effects that by their nature or amount lead to distortions and thus provide an inadequate assessment of the Company's operating performance. This essentially comprises income and expenses in connection with changes in the legal structure of the Group, site closures, restructuring measures or the measurement of financial instruments. Therefore, non-recurring operating income and expenses are not included in operating income or the operating income margin.

Non-recurring operating income and expenses are tracked uniformly and consistently across the Group. The main components are explained below:

In the current reporting period 2023, the non-recurring income of €12,456 thousand (prior year: €547,340 thousand) results from the remeasurement of investments of €6,318 thousand (prior year: €10,475 thousand) and from the sale of shares of €3,815 thousand (prior year: €2,208 thousand). Furthermore, income of €2,323 thousand (prior year: €6,135 thousand) was recognised from the recharging of costs to the Forvia Group that arose in connection with additional expenses due to the merger.

In the prior year, non-recurring income of €250,367 thousand was also recognised for the sale of the associate HBPO Beteiligungsgesellschaft mbH. Furthermore, previously recognised impairment losses of €278,154 thousand were reversed in the prior year due to an expected improvement in business development and recognised as non-recurring income.

The non-recurring expenses of €22,783 thousand (prior year: €386,635 thousand) mainly include costs for restructuring measures of €19,831 thousand (prior year: €18,284 thousand). Furthermore, expenses from the remeasurement of investments amounting to €2,952 thousand (prior year: €24,214 thousand) were incurred. In addition, expenses of €14,506 thousand were adjusted in the prior year for expected costs in the context of a legal dispute. Furthermore, inflation-related provisions for onerous contracts of €320,748 thousand and expenses incurred in this context for impairments of €8,883 thousand were recognised in non-recurring expenses.

05 Notes to the cash flow statement

As in the prior year, the cash funds are solely made up of cash and cash equivalents.

In the current reporting period, depreciation, amortisation, recognised impairment losses and reversals of impairment losses of €394,314 thousand (prior year: €-13,507 thousand), consisting of write-downs and, in the opposite direction, write-ups, were recognised.

The change in provisions in the current fiscal year was significantly influenced by the utilisation of provisions for delivery and sales obligations as well as personnel obligations while the increase in the prior year was due to provisions for losses from delivery and sales obligations. This increase in the prior year is due in particular to selected customer contracts in the Lighting segment, for which provisions for onerous contracts had to be recognised due to increased costs.

The other non-cash income and expenses and cash flows not attributable to operating activities reported in the cash flow statement mainly include valuation and discounting effects and the result from investments accounted for using the equity method. The prior year mainly includes the sale of the shares in the associate HBPO Beteiligungsgesellschaft mbH less derecognised assets amounting to €-250,367 thousand.

As a result of the factoring programme, the Group's cash and cash equivalents changed by a total of €78,746 thousand (prior year: €206,707 thousand) of which €91,460 thousand (prior year: €194,023 thousand) had a positive effect on the change in trade receivables and other assets not attributable to investing or financing activities through the sale of receivables, and €12,714 thousand was reported as a repayment within current financial liabilities to the factoring company (prior year: addition of €12,683 thousand).

The current fiscal year includes in the accounting balance inflows from the sale of securities amounting to €22,200 thousand (prior year: €240,986 thousand).

In the past reporting period, the cash inflow from the sale of HBPO Beteiligungsgesellschaft mbH amounting to €281,667 thousand is attributable to investing activities.

In the current reporting period, the payments from the repayment of financial liabilities are significantly influenced by the timely repayment of the bank loan of a Mexican subsidiary in the amount of €115,452 thousand as at the end of January 2023 (prior year: borrowings of €19,305 thousand).

After the Annual General Meeting on 28 April 2023, dividends totalling €320,000 thousand (€2.88 per no-par value share) were distributed to the owners of the parent company. In the previous reporting period, dividends totalling €54,444 thousand (€0.49 per no-par value share) were distributed to the owners of the parent company.

06 Net cash flow

Relative to sales, net cash flow investments decreased to 0.7% (prior year: 5.3%).

For the internal management of the HELLA Group, net cash flow has been used as a performance indicator for Group management since the beginning of the fiscal year 2023. Net cash flow is a key performance indicator that is not defined in the International Financial Reporting Standards. However, it is reported as additional information in the HELLA Group's financial reporting as it is used for internal management purposes. The net cash flow is shown in relation to sales in order to provide appropriate information independent of the respective business volume of a reporting period.

For this purpose, the cash inflows from the sale of intangible assets and property, plant and equipment as well as the payments for the procurement of intangible assets and property, plant and equipment are added to the net cash flow from operating activities. The resulting figure is the net cash flow. No adjustment is performed.

In absolute terms, the net cash flow in the nine-month period 2023 decreased to €39,645 thousand (prior year: €233,073 thousand), significantly influenced by a lower net cash flow from operating

activities compared to the prior-year period at €481,130 thousand (prior year: €625,521 thousand). This development is mainly due to a deterioration in working capital caused on the one hand by continued high inventories as a result of market volatility and on the other hand by lower improvements from the sale of receivables after the introduction of the factoring programme in the prior year. Similarly, higher cash investment activities for intangible assets and property, plant and equipment had a reducing effect that amounted to €441,485 thousand, a higher figure than in the short fiscal year 2022 (prior year: €392,448 thousand). The net cash flow decreased to 0.7% (prior year: 5.3%) due to the absolute contribution of €39,645 thousand (prior year: €233,073 thousand) in relation to sales of €5,932,114 thousand (prior year: €4,410,044 thousand).

The performance of the net cash flow for the first nine months of the fiscal year 2023 and the seven months of the short fiscal year 2022 are shown in the following table:

€ thousand	2023	2022
Net cash flow from operating activities	481,130	625,521
Cash receipts from the sale of intangible assets and property, plant and equipment	16,526	10,835
Payments for the purchase of intangible assets and property, plant and equipment	-458,011	-403,282
Net cash flow	39,645	233,073

07 Events after the balance sheet date

On 2 October 2023, HELLA and MAHLE agreed to sell the shares in the joint venture Behr-Hella Thermocontrol GmbH (BHTC), which is accounted for using the equity method, to the Taiwanese company AUO Corporation. Subject to foreign trade and antitrust clearance, the transaction is expected to close by mid-2024.

Lippstadt, 30 October 2023

The Managing General Partner of
HELLA GmbH & Co. KGaA

HELLA Geschäftsführungsgesellschaft mbH



Michel Favre
(President and CEO of
HELLA Geschäftsführungsgesellschaft mbH)



Yves Andres
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